

Appendix 1

Group of Thirty Compliance

The Group of Thirty recommendations were originally conceived as the group's Standards on Securities Settlement Systems in 1989, detailing in a first-of-its-kind report nine recommendations for efficient and effective securities markets covering legal, structural and settlement process areas. The recommendations were subsequently reviewed and updated in 2001, under the leadership of the Bank for International Settlements, and through the efforts of a joint task force of the Committee on Payment and Settlement Systems and the Technical Committee of the International Organization of Securities Commissions. Compliance with the Group of Thirty recommendations in individual markets is often an integral part in securities industry participants' and intermediaries' due diligence process.

Table A1: Group of Thirty Recommendations—Compliance for Hong Kong, China

Recommendation		Implemented
1	Eliminate paper and automate communication, data capture, and enrichment.	Yes
2	Harmonize messaging standards and communication protocols.	Yes
3	Develop and implement reference data standards.	Yes
4	Synchronize timing between different clearing and settlement systems and associated payment and foreign exchange systems.	Yes
5	Automate and standardize institutional trade matching.	Yes
6	Expand the use of central counterparties.	Yes
7	Permit securities lending and borrowing to expedite settlement.	Yes
8	Automate and standardize asset servicing processes, including corporate actions, tax relief arrangements, and restrictions on foreign ownership.	Yes
9	Ensure the financial integrity of providers of clearing and settlement services.	Yes
10	Reinforce the risk management practices of users of clearing and settlement service providers.	Yes
11	Ensure finals, simultaneous transfer and availability of assets.	Yes

Recommendation		Implemented
12	Ensure effective business continuity and disaster recovery planning.	Yes
13	Address the possibility of failure of a systematically important institution.	Yes
14	Strengthen assessment of the enforceability of contracts.	Yes
15	Advance legal certainty over rights to securities, cash, or collateral.	Yes
16	Recognize and support improved valuation methodologies and closeout netting arrangements.	Yes
17	Ensure appointment of appropriately experienced and senior board members (of the boards of securities clearing and settlement infrastructure providers).	Yes
18	Promote fair access to securities clearing and settlement networks.	Yes
19	Ensure equitable and effective attention to stakeholder interests.	Yes
20	Encourage consistent regulation and oversight of securities clearing and settlement service providers.	Yes

Source: Group of Thirty. 2003. *Global Clearing and Settlement—A Plan of Action*.
<http://newsite.group30.org/publications/detail/123>

Appendix 2

Practical References

For easy access to further information about the market features described in the Hong Kong, China Bond Market Guide—including information on the policy bodies, regulatory authorities, and securities market-related institutions—interested parties are encouraged to utilize the following links (all websites available in English, as well as in simplified and traditional Chinese):

AMBIF Implementation Guideline for Hong Kong, China
<http://tinyurl.com/AMBIF-Impl-GL-for-HKG>

AMBIF—Single Submission Form (as supported by regulatory authorities and market institutions in Hong Kong, China)
<http://tinyurl.com/AMBIF-Single-Submission-Form>

AsianBondsOnline (ADB)
<http://www.asianbondsonline.adb.org/hongkong.php>

Bank of China (Hong Kong)—RMB Clearing Bank
http://www.bochk.com/web/common/multi_section.xml?section=rmb&level_2=rmb_clearing&fldr_id=31806

Hong Kong Exchanges and Clearing Limited
<http://www.HKEX.com.hk/eng/index.htm>

Hong Kong Exchanges and Clearing Limited—Central Clearing and Settlement System
<https://www.HKEX.com.hk/eng/market/clr/secclr/ccass3/ccass3.htm>

Hong Kong Exchanges and Clearing Limited—Professional Bonds
http://www.HKEX.com.hk/eng/prod/secprod/debt/professional_debt/professional_debt.htm

Hong Kong Monetary Authority
<http://www.hkma.gov.hk/eng/index.shtml>

Hong Kong Monetary Authority—Central Moneymarkets Unit
<http://www.hkma.gov.hk/eng/key-functions/international-financial-centre/infrastructure/cmu.shtml>

Hong Kong Monetary Authority—Exchange Fund Bills and Notes
<http://www.hkma.gov.hk/eng/key-functions/international-financial-centre/debt-market-development/exchange-fund-bills-notes.shtml>

Securities and Futures Commission
<http://www.sfc.hk/web/EN/index.html>

Appendix 3

Glossary of Technical Terms

Alternative Bond Scheme	Denotes <i>sukuk</i> arrangements as an alternative to conventional bonds and notes (in most recent legislation)
Authorized Institutions	Licensed banks, restricted license banks, and deposit-taking companies as defined in the Banking Ordinance
filing	Action of submitting documentation
iBond	Inflation-linked bond issued by the Government of the Hong Special Administrative Region of the People's Republic of China
Information Memorandum	Synonymous with Offering Memorandum; term typically used for key documentation for a private placement mainly to professional investors
Licensed Corporations	Corporations licensed under sections 116 or 117 of the SFO
listing	Typically, action of submitting a bond issue or other securities to an exchange for the purpose of trading, price finding, disclosure, or profiling
Offering Memorandum	Synonymous with Information Memorandum; term typically used for key documentation for a private placement mainly to professional investors
PI Rules	Securities and Futures (Professional Investors) Rules (Cap. 571D)
Professional Bonds	Short form for wholesale bonds listing facility on HKEX
Professional Debts	Term used in HKEX documentation (including Chapter 37 of SEHK Listing Rules) for debt securities aimed at professional investors
Prospectus	Term generally used to refer to a disclosure document offering shares in or debentures of a company to the public for subscription or purchase.; in the case of Hong Kong, China only, prospectus is used as a term in regulations to describe all offers to any parties to subscribe to or purchase securities
Recognised Dealers	An institution appointed by the HKMA to hold and deal in retail bonds and institutional bonds through the CMU for the Government Bond Programme
Registered Institutions	Authorized Institutions registered under section 119 of the SFO to conduct activities regulated by the SFC
registration	Action of registering a bond issue, for reference pricing or disclosure purposes

<i>sukuk</i>	Islamic bond or note
sponsor	Party who helps list a bond or note on SEHK
uncertified securities (regime)	describes the movement toward a dematerialized market

Source: ABMF SF1.